

MANAGED FUNDS ASSOCIATION

The Voice of the Global Alternative Investment Industry

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HEDGE FUND INVESTMENTS IN MINNESOTA

Across the state of Minnesota, hedge funds help build retirement security, expand educational opportunities, and improve the quality of life in local communities.

Institutional investors – like corporate pensions, university endowments, and philanthropic foundations– use hedge funds to diversify their investment portfolios and manage risk. Ultimately, hedge funds are an important tool used by institutional investors to help meet their financial obligations.

Hedge funds are no longer exclusively used by wealthy investors. Globally, 65% of hedge fund assets come from institutional investors.¹



Hedge Funds Help Build Retirement Security

Target Corporation

- Target Corporation is the third largest company headquartered in Minnesota.²
- In 2011, Target Corporation invested \$130 million, or 5%, of its \$2.5 billion total assets in alternative investments, including hedge funds.³

Delta Airlines

- Delta Airlines has 13,000 Minnesota employees.⁴
- In 2012, Delta Airlines invested \$484 million, or 5%, of its \$9.15 billion total assets in hedge funds.⁵

3M

- 3M is headquartered in St. Paul and employs 15,000 Minnesotans.⁶ 3M has many locations throughout the state, including Oakdale, Staples, Alexandria, Cottage Grove, Eagan, Fairmont, Hutchinson, and New Ulm.⁷
- In 2011, 3M Co. allocated \$1.3 billion, or more than 10%, of its \$12.1 billion pension plan assets to hedge funds and hedge fund of funds.⁸

Medtronic Inc.

- Medtronic is headquartered in Minneapolis.⁹ The company employs 9,000 Minnesotans.¹⁰

- Medtronic utilizes many investment strategies with regard to its diversified portfolio, including hedge funds, equities and fixed income securities.¹¹ As of April 30, 2012, the company invested \$558 million, or 38%, of its \$1.47 billion pension fund into “partnership units,” including hedge funds.¹²

Ecolab Inc.

- Ecolab Inc. is one of the largest employers in Minnesota and employs 40,200 Minnesotans.¹³
- In 2012, Ecolab invested \$127.1 million, or 9%, of its \$1.4 billion in total assets in hedge funds.¹⁴

Alliant Techsystems Inc.

- Alliant Techsystems Inc. (ATK) is a Fortune 500 company¹⁵ that employs 17,349 Minnesotans.¹⁶
- As of January 2012, ATK invested 12.9%, or \$580.5 million, of its \$4.5 billion total assets in private equity investments and hedge funds.¹⁷

Wells Fargo

- Wells Fargo employs approximately 20,000 workers in Minnesota.¹⁸
- As of December 31, 2012, Wells Fargo allocated \$258 million of its \$9.6 billion pension plan assets to multi-strategy hedge funds.¹⁹

Dow Chemical Company

- Dow’s location in Edina employs more than 500 Minnesotans.²⁰
- As of December 31, 2011, Dow invested \$2.8 billion, or 18%, of its \$16.1 billion total assets in alternative investments, including hedge funds.²¹

IBM

- IBM has a plant near Rochester, MN that performs manufacturing, engineering and educational facilities on a 397-acre site. IBM Rochester employs more than 8,000 people.²²
- In 2012, IBM invested \$1.85 billion of its \$51 billion total assets in hedge funds.²³

Boeing

- There are 23 Boeing employees in Minnesota and 464 Boeing retirees.²⁴
- In 2012, Boeing invested \$2.5 billion in hedge funds, roughly 5% of the company’s defined benefit plan, which totals \$50 billion.²⁵

United Parcel Service (UPS)

- UPS employs more than 5,000 workers in Minnesota.²⁶
- As of December 31, 2012 UPS invested more than \$2.8 billion, or 11.1%, of its \$25 billion total assets in hedge funds.²⁷

Hedge Funds Help Ensure Educational Opportunities

The University of Minnesota

- The University of Minnesota has four campuses throughout the state: Twin Cities of Minneapolis/St. Paul, Duluth, Morris and Crookston. Today, much of the University's endowment is used to support 387 endowed faculty positions and the minerals research and scholarship endowments.²⁸
- In 2012, The University of Minnesota's Managed Endowment invested \$292 million, or 19%, of its \$1.5 billion total assets in hedge funds.²⁹

St. Olaf College

- St. Olaf College, one of the largest private colleges in Minnesota, uses its endowments primarily for scholarships and financial aid.
- In 2012, St. Olaf College allocated 40%, or approximately \$148 million, of its \$372.2 million endowment to alternative investments, including hedge funds.³⁰

Hedge Funds Help Improve the Quality of Life in Local Communities

The YMCA of Metropolitan Minneapolis

- The YMCA of Metropolitan Minneapolis is one of the top 100 nonprofits in Minnesota.³¹
- In 2012, the YMCA organization invested \$471 million, or 9%, of its nearly \$5.2 billion retirement fund in hedge funds.³²

*Data listed here is updated frequently and contains the most current information in public filings.

- ¹ "Prequin Special Report: Hedge Funds" pp. 16, October 2012, http://www.preqin.com/docs/reports/Prequin_Special_Report_Hedge_Funds_October_2012.pdf.
- ² Bloomberg Government, "Target Corp," <http://www.bgov.com/companies/100436>.
- ³ "Target Corporation Annual Financial Report 2011," pg. 55, https://corporate.target.com/annual-reports/2011/images/company/annual_report_2011/documents/Target_2011_Annual_Report.pdf.
- ⁴ "Major Employers in MN," http://www.positivelyminnesota.com/Business/Locating_in_Minnesota/Major_Companies_Employers/Top_Employers_Statewide.aspx.
- ⁵ "Delta Airlines Annual Report 2012," p. 85, http://www.delta.com/content/dam/delta-www/pdfs/about-financial/DeltaAirLines_10K_2012.pdf.
- ⁶ "Star Tribune 100: Top Minnesota Companies Ranked." StarTribune.com. <http://ww3.startribune.com/projects/st100/employeeView.php>.
- ⁷ Minnesota." 3M. http://solutions.3m.com/wps/portal/3M/en_US/about-3M/information/more-info/locations/Nineteen/.
- ⁸ "3M 2011 Annual Report: Driven to Innovate," pp. 83, http://solutions.3m.com/3MContentRetrievalAPI/BlobServlet?lmd=1340133270000&locale=en_US&assetType=MM_Image&assetId=1180611654372&blobAttribute=ImageFile.
- ⁹ "Medtronic Locations," Medtronic.com, <http://www.medtronic.com/about-medtronic/locations/index.htm>.
- ¹⁰ "Top Employers Statewide," http://www.positivelyminnesota.com/Business/Locating_in_Minnesota/Major_Companies_Employers/Top_Employers_Statewide.aspx.
- ¹¹ "Transforming for Growth: Medtronic 2012 Annual Report." Medtronic.com, pp. 110, http://www.medtronic.com/wcm/groups/mdtcom_sg/@mdt/@corp/documents/documents/ar12_annual_report_final.pdf.
- ¹² "Transforming for Growth: Medtronic 2012 Annual Report." Medtronic.com, pp. 111, http://www.medtronic.com/wcm/groups/mdtcom_sg/@mdt/@corp/documents/documents/ar12_annual_report_final.pdf.
- ¹³ "Star Tribune 100: Top Minnesota Companies Ranked." StarTribune.com. <http://ww3.startribune.com/projects/st100/employeeView.php>.
- ¹⁴ "Working As One: Ecolab Inc. Annual 2011 Report," Ecolab.com, pp. 46, <http://www.ecolab.com/media-center/publications/~media/Ecolab/Ecolab%20Site/Page%20Content/Documents/Our%20Company/Publications/Annual%20Report/2011CompleteAnnualReport.ashx>.
- ¹⁵ "ATK." ATK.com, , <http://www.atk.com/>.
- ¹⁶ "Star Tribune 100: Top Minnesota Companies Ranked." StarTribune.com. <http://ww3.startribune.com/projects/st100/employeeView.php>.
- ¹⁷ "ATK 2012 Annual Report to Stockholders," ATK.com, pp. 92, http://www.atk.com/wp-content/uploads/2012/09/annualreport_ATK_20122.pdf.
- ¹⁸ "Top Employers Statewide," Home Page for the Minnesota Department of Employment and Economic Development (DEED), accessed December 20, 2012, http://www.positivelyminnesota.com/Business/Locating_in_Minnesota/Major_Companies_Employers/Top_Employers_Statewide.aspx.
- ¹⁹ "Wells Fargo 2012 Annual Report," Wells Fargo, December 31, 2012, pg. 230, https://www.wellsfargo.com/downloads/pdf/invest_relations/2012-annual-report.pdf.
- ²⁰ "Edina Operations: Our People," Dow Chemical Corporate Website, <http://www.dow.com/minnesota/about/people.htm>.
- ²¹ "Welcome to Solutionism: The Dow Chemical Company 2011 Annual Report," Dow.com, pp. 128, http://www.dow.com/investors/pdfs/161-00769_2011_Annual_Report_Final.pdf.
- ²² "IBM Rochester," IBM.com, http://www-03.ibm.com/ibm/history/exhibits/rochester/rochester_intro.html.

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- ²³ "2012 Annual Report," IBM, December 31, 2012, p. 129,
http://www.ibm.com/annualreport/2012/bin/assets/2012_ibm_annual.pdf.
- ²⁴ "Improving the Quality of Life in Minnesota," Boeing,
http://www.boeing.com/aboutus/govt_ops/state_cards/card_MN.pdf.
- ²⁵ "The Boeing Company 2012 Annual Report," EnvisionReports.com, pp. 91,
http://www.boeing.com/companyoffices/financial/finreports/annual/2012/annual_report.pdf.
- ²⁶ "Top Employers Statewide," Home Page for the Minnesota Department of Employment and Economic Development (DEED), accessed December 20, 2012,
http://www.positivelyminnesota.com/Business/Locating_in_Minnesota/Major_Companies_Employers/Top_Employers_Statewide.aspx.
- ²⁷ "UPS 2012 Annual Report," UPS, March 11, 2012, pp. 72, <http://thomson.mobular.net/thomson/7/3275/4724/>.
- ²⁸ "The University of Minnesota Endowment Plan," Budget.UMN.edu, pp. 5,
http://www.budget.umn.edu/Baucus_Grassley_Response_20080229.pdf.
- ²⁹ "University of Minnesota Foundation Consolidated Financial Statements and Consolidating Information June 30, 2012," UMN Foundation, pp. 10,
http://www.giving.umn.edu/foundation/financial/2012_UMF_Financial_Statements.pdf.
- ³⁰ St. Olaf College: Frequently Asked Questions." StOlaf.edu. <http://www.stolaf.edu/giving/stewardship/faq.html>.
- ³¹ "The Top 100 Nonprofits in Minnesota." StarTribune.com.
<http://www3.startribune.com/projects/np100/revenueView.php>.
- ³² "YMCA's Retirement Fund Financial Statement June 30 2012 and 2011," pp. 16,
<https://www.yretirement.org/File%20Library/Publications/FY12-Retirement-Fund-Financial-Statements.pdf>